

JOINT ECONOMIC COMMITTEE DEMOCRATS

jec.senate.gov

U.S. Senator Martin Heinrich • Ranking Member

GOP Tax Law Has Not Led to Real Wage Growth

Today's latest <u>inflation</u> data shows American workers are not seeing real raises. The average hourly wage for production and nonsupervisory workers in April was only 0.1 percent higher than what it was a year ago, after adjusting for inflation. Wage growth for most workers is <u>weak</u> and now that inflation is starting to pick up, wages are barely keeping pace. And this comes on top of decades of <u>stagnating wages</u> for most workers. If wage growth is barely keeping up to inflation, American families will see little improvements in living standards.

Despite being able to point to a few companies that announced bonuses, which have been far eclipsed by stock buybacks benefiting executives and investors, Republicans and their tax law have not solved stagnant wages for American workers. And they won't. What raises come out of the tax cuts will be <u>substantially smaller</u> than what was promised, will take years to appear, and will be largely skewed toward the highest earners.

Meanwhile, American workers are struggling to improve their living standards. The challenges they face require an appropriate policy response; tax cuts for the wealthy are not that. The Republican tax law will do little to address the barriers facing workers out of the labor force. It won't get rid of anti-competitive tactics that employers use to limit workers' opportunities, like non-compete and no-poach agreements. Nor will it increase competition, which would give workers more opportunities to leave for higher-paying jobs. And the new law does nothing to increase workers' bargaining power, failing to ensure that workers share in productivity gains.

